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04/13/23

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April 13, 2023

Agenda ID #21530
Ratesetting

TO PARTIES OF RECORD IN INVESTIGATION 15-08-019:

This is the proposed decision of Administrative Law Judge Nilgun Atamturk. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's May 18, 2023 Business Meeting. To confirm when the item will be heard, please *see* the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Acting Chief Administrative Law Judge

MLC:jnf

Attachment

Decision **PROPOSED DECISION OF ALJ ATAMTURK** (Mailed 4/13/2023)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on
the Commission's Own Motion to
Determine Whether Pacific Gas and
Electric Company and PG&E
Corporation's Organizational
Culture and Governance Prioritize
Safety.

Investigation 15-08-019

**DECISION ADOPTING THE SAFETY POLICY
DIVISION'S MODIFIED STAFF REPORT**

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Attachment A – Safety Policy Division Modified Staff Report

DECISION ADOPTING THE SAFETY POLICY DIVISION'S MODIFIED STAFF REPORT

Summary

This decision adopts the *Modified Safety Policy Division Staff Report*, dated April 2023 (Modified Staff Report), attached to this decision as Attachment A. The Modified Staff Report sets forth recommended reporting requirements and proposes a plan for tracking designated recommendations from NorthStar Consulting Group, Inc.'s 2017 Assessment of Pacific Gas and Electric Company's (PG&E's) Safety Culture and 2019 First Update Report. The Modified Staff Report reflects several modifications to the prior version of the staff report, circulated to the service list of this proceeding on September 16, 2022. This decision discusses our reasoning for those modifications.

The California Public Utilities Commission (Commission) staff will continue to monitor PG&E's safety practices and take action, as needed. PG&E is ordered to comply with the reporting requirements set forth in the Modified Staff Report.

Safety issues remain a high priority for the Commission. Closing the instant proceeding will not preclude any party from commenting on safety issues in the Commission's remaining open proceedings or in response to relevant Commission actions identified in the Staff Report.

This proceeding is closed.

1. Background

On August 27, 2015, the California Public Utilities Commission (Commission) initiated this proceeding, Investigation (I.) 15-08-019, to determine whether the organizational culture and governance of Pacific Gas and Electric Company (PG&E) and PG&E Corporation (PG&E Corp.) prioritize safety and to

direct PG&E to take any remedial actions. The goal of the first phase of the proceeding included the following:

[E]valuate PG&E's and PG&E Corp.'s organizational culture, governance, policies, practices, and accountability metrics in relation to PG&E's record of operations, including its record of safety incidents, and to produce a report on the issues and questions contained in this order.¹

The Commission initiated this proceeding after the Commission closed several investigations related to the 2010 San Bruno explosion, such as I.12-01-007, I.11-02-016, and I.11-11-009. In addition, at that time, the National Transportation Safety Board had issued its report in 2011 on organizational failures resulting in the San Bruno explosion², and the Independent Review Panel had issued its 2011 report on the San Bruno explosion.³

As explained in I.15-08-019, the Commission in this proceeding sought to continue its review of PG&E's safety culture, which it began in prior proceedings. To this end, the Commission, early in this proceeding, directed the Safety and Enforcement Division to investigate PG&E's safety culture and retain an expert consultant to assist in this investigation. Accordingly, the Commission's Safety and Enforcement Division contracted with NorthStar

¹ Order Instituting Investigation on the Commission's Own Motion into Whether Pacific Gas and Electric Company and PG&E Corporation's Organizational Culture and Governance Prioritize Safety, I.15-08-019, at 2.

² *Accident Report: Pacific Gas and Electric Company -Natural Gas Transmission Pipeline Rupture and Fire - San Bruno, California - September 9, 2010*, NTSB/PAR-11/01, PB2011-916501 (adopted by NTSB on August 30, 2011).

³ *Report of the Independent Review Panel - San Bruno Explosion - Prepared for the California Public Utilities Commission* (revised on June 24, 2011) at 15-16, "Given this Panel's findings regarding [PG&E's] gas transmission integrity management, one conclusion is inescapable. Simply put, 'the rubber did not meet the road' when it came to PG&E's implementation of the recommendations of its enterprise risk management process."

Consulting Group (NorthStar). Presently, a newer division of the Commission, the Safety Policy Division (SPD), is responsible for advising the Commission and carrying out the Commission's directives related to the NorthStar reports and this proceeding.

In April 2017, NorthStar released its first report, *Assessment of Pacific Gas and Electric Corporation and Pacific Gas and Electric's Safety Culture Prepared for California Public Utilities Commission* (hereafter NorthStar Report),⁴ which summarized its investigation on whether PG&E's organizational culture and governance prioritize safety and adequately direct resources to promote accountability and achieve safety goals and standards.

On May 8, 2017, the assigned Commissioner issued a scoping memo and ruling in this proceeding setting forth the scope, schedule, and category for the next phase of this proceeding. The scope of that phase included the following:

[T]he Commission will evaluate the safety reform recommendations of NorthStar which may lead to the Commission's adoption of the recommendations in the Report, in whole or in part.⁵

On August 1, 2017, a prehearing conference (PHC) was held, and on September 12, 2017, a workshop was held. Both forums provided parties with an overview of the NorthStar Report and afforded parties opportunity to comment and raise concerns or questions. The NorthStar Report included 65 recommendations for PG&E to improve its safety culture. In response to the NorthStar Report, parties served prepared testimony. On April 11, 2018, the

⁴ This report is also available as Appendix A to D.18-11-050, *Decision Ordering Pacific Gas and Electric Company to Implement the Recommendations of the NorthStar Report* (November 29, 2018) and is found on the Commission's website at:

<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=245812124>.

⁵ Scoping Ruling, May 8, 2017, at 2.

Commission held an evidentiary hearing. Parties filed briefs in May 2018. All parties, including PG&E, agreed with the 65 recommendations in the NorthStar Report.

On November 29, 2018, the Commission issued Decision (D.) 18-11-050, which adopted the 65 recommendations for PG&E in the NorthStar Report and ordered PG&E to implement those recommendations by July 1, 2019.⁶ The Commission also directed PG&E to submit quarterly reports to SPD and concurrently serve those reports on the service list for this proceeding, beginning with the 4th quarter of 2018.⁷ In addition, the Commission stated its intention to evaluate PG&E's compliance with the recommendations in the NorthStar Report and consider how to ensure ongoing compliance.

To evaluate compliance, the Commission set forth next steps in D.18-11-050, stating that the "next part of the proceeding is a remedial phase – identifying and taking the steps to fix those problems."⁸ The Commission further stated that this remedial phase should review PG&E's implementation of the recommendations in the NorthStar Report and, in addition, any new regulatory approaches that the Commission could undertake, such as performance-based ratemaking, safety and performance metrics or targets.⁹

On December 21, 2018, the assigned Commissioner issued a second scoping memo and ruling (second scoping memo) to set the scope and the

⁶ D.18-11-050, *Decision Ordering Pacific Gas and Electric Company to Implement the Recommendations of the NorthStar Report*, at 3.

⁷ Notably, pursuant to a directive in D.18- 11-050, PG&E has been serving *Safety Culture and Governance Quarterly Reports* on the service list of this proceeding. PG&E served the most recent quarterly report on October 31, 2021.

⁸ D.18-11-050 at 7.

⁹ *Ibid.*

schedule for the subsequent phase of the proceeding.¹⁰ The second scoping memo stated that the next phase of this proceeding “will consider a broad range of alternatives to current management and operational structures for providing electric and natural gas in Northern California.”¹¹ Parties were directed to file comments on the issues identified in the second scoping memo in January and February 2019.

On March 29, 2019, NorthStar issued its First Update of the NorthStar Report, which assessed the implementation status of six recommendations from the 2017 NorthStar Report and, in addition, included 22 more recommendations for PG&E.¹² The report was distributed to the service list by the March 29, 2019 E-Mail Ruling Distributing NorthStar Report Update – Pacific Gas & Electric Company Safety Culture.

On April 25, 2019, the Commission issued D.19-04-043, extending the statutory deadline for this proceeding to May 8, 2020, to allow sufficient time to address the issues in the ongoing phase of this proceeding.

On June 13, 2019, the Commission issued D.19-06-008, which ordered PG&E and PG&E Corp. to provide information about the safety experience and qualifications of independent directors on PG&E and PG&E Corp. boards and established a Commission Advisory Panel on Corporate Governance.

On May 7, 2020, the Commission issued D.20-05-025, which extended the statutory deadline for this proceeding again from May 8, 2020, to November 8,

¹⁰ *Assigned Commissioner’s Scoping Memo and Ruling* (December 21, 2018).

¹¹ *Assigned Commissioner’s Second Scoping Memo and Ruling* (December 21, 2018) at 8-9.

¹² This report is available on the Commission’s website at: <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=279201934> (see Attachment 2)

2020, to allow sufficient time to consider the remaining issues related to PG&E's safety culture and take into consideration the outcome of PG&E's bankruptcy-related proceedings.

On May 28, 2020, the Commission approved PG&E's bankruptcy reorganization plan in D.20-05-053.

On September 4, 2020, the assigned Administrative Law Judge (ALJ) in this proceeding issued a ruling confirming that this proceeding would continue to remain open to provide the Commission with a forum to, among other things, monitor PG&E's ongoing safety performance.¹³ The ruling referred to the federal court's continued deliberation over changes to PG&E's conditions of probation and provided that:

... this proceeding will remain open as a vehicle to monitor PG&E's progress and address issues that arise, with NorthStar continuing in a monitoring role. Issues can be raised in the proceeding by parties or the Commission. Given the adoption of this primarily monitoring approach, we will not issue a revised Scoping Memo at this time, but may do so in the future.¹⁴

The ruling further confirmed that NorthStar should continue its work for the Commission in a monitoring role.¹⁵ To accommodate this ongoing review, the Commission on November 5, 2020, further extended the statutory deadline of this proceeding from November 8, 2020, to November 8, 2021, in D.20-11-016. Subsequently, D.21-11-010 again extended the statutory deadline of this proceeding to November 8, 2022.

¹³ *Administrative Law Judge's Ruling Updating Case Status* (September 4, 2020), issued in both I.15-08-019 (PG&E safety culture proceeding) and I.19-09-016 (PG&E bankruptcy proceeding) (not consolidated).

¹⁴ *Administrative Law Judge's Ruling Updating Case Status* (September 4, 2020) at 7.

¹⁵ *Administrative Law Judge's Ruling Updating Case Status* (September 4, 2020) at 7.

Most recently, the September 16, 2022 ALJ's Ruling provided the service list with a copy of the Assessment of Pacific Gas and Electric Corporation and Pacific Gas and Electric Company's Safety Culture Final Update (December 27, 2021) prepared by NorthStar and a copy of the Commission's SPD Staff Report (Staff Report) describing a plan for tracking designated recommendations from the NorthStar reports.

PG&E and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed comments and reply comments on October 7 and October 21, 2022, respectively. To accommodate the review of the comments, D.22-11-012 extended the statutory deadline of this proceeding to November 8, 2023.

This proceeding was submitted upon filing of the reply comments, on October 21, 2022.

2. Staff Report and Modifications to the Staff Report

The Staff Report, developed by the Commission's SPD, provides a plan for tracking designated recommendations from the 2017 NorthStar Report on PG&E's safety culture and 2019 First Update of the NorthStar Report.

As explained in the Staff Report, SPD plans to focus its monitoring on recommendations that meet one or more of the following criteria: 1) Could have a tangible impact on safety outcomes, as advised by NorthStar or as determined by SPD review; 2) Were marked as incomplete or not implemented within NorthStar's 2021 Final Update Report; and 3) Are not being monitored or tracked through other Commission oversight efforts. SPD's monitoring also considers how recommendations relate to recent reviews of PG&E's safety programs or safety culture completed by the Federal Monitor, Office of Energy Infrastructure

Safety (Energy Safety), or others, to prevent duplicative efforts. As a result, SPD selected 26 recommendations that warrant continued monitoring.

2.1. Party Positions

PG&E and Cal Advocates filed comments and reply comments on the Staff Report.

PG&E believes that further monitoring of NorthStar's recommendations is unnecessary because it has already implemented and responded to the 26 recommendations selected by SPD.¹⁶ PG&E argues that additional monitoring will offer negligible benefit due to the oversight already provided by existing processes including the Commission processes; Independent Safety Monitor appointed in response to the Bankruptcy OII; Enhanced Oversight and Enforcement Process; Risk Spending Accountability Reports; Safety Culture Assessment OIR; and within the Office of Energy Infrastructure Safety, Annual Safety Culture Assessments, oversight of executive compensation structure, Wildfire Mitigation Plan audits and oversight, and Safety Certification Process. Even though PG&E opines that further oversight of NorthStar's recommendations is unnecessary, PG&E supports the Advice Letter process set forth in the Staff Report, while objecting to two of the data requests related to NorthStar Recommendations IV-6 and U-10, which we will discuss in Section 3.5.

Cal Advocates recommends that the Commission initiate a third phase of this proceeding to resolve the difference between NorthStar and PG&E claims on the status of implementation of NorthStar's recommendations; the Commission retain NorthStar to continue monitoring PG&E's implementation of the recommendations pending completion or a marked improvement in PG&E's

¹⁶ PG&E Comments, October 7, 2022, at 1.

safety culture; the Commission require PG&E to further describe its implementation of NorthStar Recommendation U-6; and the Commission direct SPD to monitor PG&E's metrics for wires down events.¹⁷

Furthermore, Cal Advocates asserts that NorthStar is in unique position to use its field experience to understand PG&E's safety culture recommendation non-compliance. Therefore, Cal Advocates recommends instead of using the Advice Letter process, the Commission require PG&E to file semi-annual updates in this proceeding describing progress on implementing the remaining recommendations and provide parties an opportunity to comment. Cal Advocates argues that the Advice Letter process will not provide sufficient review and input by parties to ensure that PG&E has exercised the proper level of effort to close out the remaining recommendations.

Although NorthStar Recommendation VII-2¹⁸ was marked as implemented by NorthStar, Cal Advocates recommend that SPD monitor these metrics, particularly PG&E wires down events due to equipment failure. Cal Advocates contend that the Transmission and Distribution (T&D) Wires Down metric has been one of the key indicators that PG&E uses to track Public Safety Performance, which emphasizes the importance of these metrics.

3. Modifications to Staff Report

After considering the Staff Report and reviewing all of the comments, the Commission concludes that the Staff Report, including the proposals therein, are well reasoned, for the most part, and should be adopted with some modifications, reflected in the *Modified Safety Policy Division Staff Report*, dated

¹⁷ Cal Advocates Comments, October 7, 2022, at 11.

¹⁸ Recommendation VII-2 from NorthStar's May 8, 2017 Report states, "Continue to track metrics eliminated from STIP as part of the Business Performance Review (BPR) process to allow trending."

April 2023 (Modified Staff Report), attached to this decision as Attachment A, and discussed below.

Out of the total of 87 recommendations from the 2017 NorthStar Report and 2019 First Update of the NorthStar Report, SPD, in its Staff Report had selected 26 recommendations that warrant continued monitoring. After reviewing the comments, we conclude that only 13, not 26, recommendations warrant SPD monitoring for the reasons listed in Table 1 below and discussed in Sections 3.1 through 3.17. These 13 recommendations meet at least one of the three criteria identified by SPD: (1) the recommendation could have a tangible impact on safety outcomes; (2) the recommendation was marked incomplete or not implemented in the final NorthStar Report; or (3) the recommendation is not being monitored or tracked through other Commission oversight efforts. Moreover, the reporting requirements identified in the Modified Staff Report will ensure that the Commission staff monitor PG&E's safety practices effectively and would not duplicate other agency processes.

In addition, the attached Modified Staff Report, also reflects other refinements to the September 16, 2022 Staff Report to improve clarity and accuracy. All of the modifications we adopt in this decision to that Staff Report are reflected in the attached Modified Staff Report and are summarized and discussed below.

Table 1. Modifications Adopted

NorthStar Recommendation	Change to Staff Proposal	Reasoning
F-4; III-3	Revise	Significant organizational changes noted by PG&E.
U-6	Maintain as-is	Additional information needed from PG&E.
IV-1; IV-5	Maintain as-is	Additional information needed from PG&E.

NorthStar Recommendation	Change to Staff Proposal	Reasoning
F-5; V-1	Remove	PG&E explained why recommendation has been implemented.
IV-6	Remove	PG&E responded to proposed data request in comments.
V-5; IV-7	Remove	PG&E responded to proposed data request in comments.
U-10; U-14	Revise	PG&E responded to part of proposed data request in comments.
VI-2; VI-3; III-2; III-4	Remove	PG&E explained why recommendation has been implemented.
VII-5	Remove	PG&E explained why recommendation has been implemented.
VII-7	Revise	PG&E responded to part of proposed data request in comments.
VIII-3; U-17	Remove	PG&E explained why recommendation has been implemented.
X-8; X-9	Maintain as-is	Additional information needed from PG&E.
XI-1	Revise	Additional information needed from PG&E.
XI-4	Revise	PG&E responded to part of proposed data request in comments.
U-3	Remove	PG&E explained why recommendation has been implemented.
U-4	Maintain	Additional information needed from PG&E.

3.1. NorthStar Recommendations F-4 and III-3

The Commission adopts the proposed reporting requirements pertaining to NorthStar Recommendations F-4 and III-3 with modifications.

The NorthStar Recommendations F-4 and III-3 are to direct PG&E to develop a comprehensive safety strategy:

F-4: Development of a comprehensive safety strategy, with associated timelines/ deliverables, resource requirements and budgets, personnel qualifications, clear delineation of roles and responsibilities; action plans, assignment of responsibility for initiatives, and associated metrics to assess effectiveness. This should be followed with the identification of necessary corporate and Line of Business (LOB) safety resource requirements and development of an appropriate organization structure.

III-3: Develop a comprehensive safety plan (by the end of 2017) that incorporates LOB and Corporate Safety activities to eliminate duplication, prevent gaps and appropriately prioritize expenditures. The plan should address culture, employee health and wellness, contractor safety, employee safety and public safety. Solicit input from throughout the organization, particularly the field, in the development of the plan. The environmental function was removed [from] the Safety, Health & Environment organization. It should have its own plan. [...]

PG&E states that PG&E's newest safety effort, the PG&E Safety Excellence Management System (PSEMS), applies to all lines of business and consists of four pillars: asset management, process safety, safety culture and occupational health and safety. PG&E argues that since PSEMS specifically addresses the aspects identified by NorthStar as missing from their comprehensive safety plan, these recommendations should be considered fully implemented with no need for further monitoring.¹⁹

Here, given the new system in place and ongoing organizational changes, the Commission needs to better understand how PSEMS incorporate public and process safety. Therefore, we are not persuaded by PG&E's contention and instead adopt the staff proposal with the below reflected modifications:

- Provide current safety strategy and implementation status, and an update on implementation of recommendations F-4 and III-3.
- Provide status of asset management systems/certifications.
- Provide implementation status of the PG&E Safety Excellence Management System (PSEMS) ~~Health and Safety Management System (HSMS)~~. Describe how PSEMS addresses public safety.

¹⁹ PG&E Comments, October 7, 2022, on 3 and 4.

- Provide an update on Electric Operations and Power Generation's plans to adopt process safety and safety culture standards.

3.2. NorthStar Recommendation U-6

The Commission adopts the proposed reporting requirements pertaining to NorthStar Recommendations U-6 and require additional documentation.

The NorthStar recommendation U-6 is to direct PG&E to increase CSO oversight:

U-6: Increase CSO [Chief Safety Officer] oversight and governance over public and other aspects of safety to mitigate potential silos and ensure risks are adequately addressed.

On December 15, 2021, PG&E filed a petition requesting modification of D.20-05-053 for consolidating the safety and risk functions into a single organization led by an individual who will hold the combined title of Chief Safety and Risk Officer (CSRO). D.20-05-053 requires that PG&E have a separate Chief Risk Officer (CRO) and Chief Safety Officer (CSO). The Commission granted this petition in D.22-08-035 issued on August 29, 2022.

PG&E argues that the recent action to consolidate the CSO and CRO roles allows the new CSRO to act across functions and mitigate the silos and disconnects that NorthStar pointed out.²⁰ In contrast, Cal Advocates argues that PG&E's 2025 Safety Strategy still does not adequately address public safety and

²⁰ On December 15, 2021, in I.19-09-016, PG&E filed a petition to modify D.20-05-053 for consolidating the safety and risk functions into a single organization led by an individual who will hold the combined title of Chief Safety and Risk Officer (CSRO). D.20-05-053 requires that PG&E have a separate Chief Risk Officer (CRO) and Chief Safety Officer (CSO). The Commission granted this request in D.22-08-035 issued on August 29, 2022. The Petition of PG&E (U39M) for Modification of D.20-05-053 is available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M431/K692/431692768.PDF>.

D.22-08-035 is available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K657/496657409.PDF>

asserts that the merger of the CSO and CRO positions constitutes a reversal of its implementation of recommendation U-6. While NorthStar's Final Update Report recommends that PG&E strengthens the role of the CSO to adequately address public safety, Cal Advocates asserts that PG&E eliminated the position of the CSO without notifying the Commission that the position was created to implement a recommendation in the safety culture proceeding.

On this issue, additional information is still needed; therefore, we direct PG&E to respond to the data request proposed by staff to better understand the CSRO function as it relates to the below NorthStar recommendation.

- Provide documentation to show how reporting to the CSO/CRO position, implementation of NorthStar's recommendation, and coordination of safety and risk activities have changed since the CSO/CRO roles were consolidated.

3.3. NorthStar Recommendations IV-1 and IV-5

The Commission adopts the proposed reporting requirements pertaining to NorthStar Recommendations IV-1 and IV-5, as modified and reflected in the attached Modified Staff Report.

The NorthStar recommendations IV-1 and IV-5 are to direct PG&E to appoint a CSO with experience and improve personnel's safety credentials:

IV-1: Appoint a Corporate Safety Officer who has both operations and professional safety experience.[...].

IV-5: Improve the safety credentials of personnel in PG&E's safety functions and organizations.

PG&E disagrees that both recommendations are only partially implemented and points out that the new CSRO has extensive risk, wildfire safety, gas, and engineering experience. The CSRO was directed to obtain an Associate Safety Professional Certification through the Board of Certified Safety

Professionals by the end of 2022 and plans to obtain the Safety Professional Certification in 2023. PG&E also now requires new Field Safety Specialist (FSS) hires to obtain a safety certification.

As of February 2023, PG&E has again reorganized its senior leadership team with its previous CSRO taking another officer position. Therefore, there is still a need to better understand PG&E's plan for the CRO/CSO/CSRO roles and future training curriculum as it relates to the NorthStar recommendations. Therefore, the Commission adopts the staff proposal as reflected and modified below:

- Provide an update on the status of and plans for the CRO/CSO/CSRO role.
- Provide proposed electric and gas utility operations and safety training curriculum for current and future CRO/CSO/CSROs.

3.4. NorthStar Recommendations F-5 and V-1

The Commission rejects the proposed reporting requirements pertaining to NorthStar Recommendations F-5 and V-1 from the Staff Report.

The NorthStar recommendations F-5 and V-1 require the following:

F-5: Greater coordination among the LOBs and with Corporate Safety to increase consistency, improve efficiencies, minimize operational gaps, and facilitate sharing of best practices.

V-1: Improve processes used to evaluate and translate best practices and techniques from one LOB organizational unit to others. Focus LOB Field Safety Specialists (FSS) roles and responsibilities on integrating best practices among all LOBs, facilitating the implementation of corporate safety initiatives, and improving safety practices and awareness across all organizational units.

For ongoing monitoring, the staff proposes that PG&E explain how the sharing of best practices and process improvements have changed as a result of regional restructuring and Lean Operating System (Lean) management.

PG&E disagrees, citing its 2022 roll-out of its Lean. According to PG&E, Lean increases consistency, coordination, and sharing of best practices through Daily, Weekly, and Monthly Operating Reviews in which issues are escalated and resolved. PG&E also states that Regional Safety Directors attend these reviews, and that Field Safety Directors report enterprise safety issues to the CSRO.

PG&E satisfactorily explained how the recommendation has been implemented and adequately responded to the data request by explaining how best practices and process improvements are shared through Lean. Thus, we find PG&E's response reasonable and reject the recommended data request.

3.5. NorthStar Recommendation IV-6

The Commission rejects the proposed reporting requirements pertaining to NorthStar Recommendations IV-6 from the Staff Report.

NorthStar Recommendation IV-6 is about clarifying the roles and responsibilities of the FSS workers, as stated below:

IV-6: Simplify and clarify the roles and responsibilities of the Corporate FSS vis-à-vis the LOB FSS to eliminate duplication and align activities with the respective skill sets. Work with the LOBs to determine service levels and staffing requirements.

For ongoing monitoring by SPD, the staff proposes that PG&E describe any changes to FSS position job requirements, responsibilities, workforce and resource needs, and staffing levels resulting from regional restructuring; and conduct a formal quantitative assessment of the effectiveness of the FSS function (as measured by Days Away, Restricted, or Transferred (DART), Preventable

Motor Vehicle Incidents (PMVIs), and other indicators) and report findings to SPD.

PG&E describes several organizational changes that have happened in recent years. PG&E states that in 2021, PG&E divided its centralized Enterprise Health and Safety (EH&S) field operations team into five regions to align with the new Enterprise Regional Model, hired five Regional Safety Directors, and established a regional Field Safety Specialists FSS team to support operations in that region. For central groups within the enterprise, PG&E established FSS teams and aligned them with centralized business units (Vegetation Management, Gas and Electric, Contractor Safety, Power generation). PG&E argues that these changes achieved the simplification and clarification of roles described in the recommendation. In addition, PG&E states that it would not be possible to provide the information requested by SPD as the mitigation data sought could not be quantified.²¹

Based on PG&E's response, we find that it is reasonable to remove the data request pertaining to NorthStar Recommendation IV-6 from the Staff Report.

3.6. NorthStar Recommendations V-5 and IV-7

The Commission finds that it is reasonable to remove the proposed reporting requirements pertaining to NorthStar Recommendations V-5 and IV-7 from the Staff Report, because PG&E has provided an adequate response to the data request in its comments.

The NorthStar Recommendation V-5 and IV-7 state the following:

V-5: Increase the training requirements for LOB FSS. Existing Occupational Safety and Health Administration (OSHA) training

²¹ PG&E Comments, October 7, 2022, at 15.

is somewhat generic and not sufficiently related to PG&E's public and occupational hazards.

IV-7: Establish, and adhere to, minimum qualifications for Corporate and LOB FSS. Establish training requirements for LOB FSS to ensure the specialists are up to date on current methods and procedures and have a working knowledge of key regulatory requirements.

For ongoing monitoring by SPD, the staff proposed that PG&E provide PG&E's LOB FSS training program to determine if it sufficiently encompasses PG&E's public and occupational hazards, and provide safety-related qualifications for all LOB FSS resources and whether PG&E adheres to these qualifications.

PG&E states that it implemented these recommendations because all FSS workers must complete annual Safety and Risk training requirements (technical training/safety methods and procedures). FSS workers must hold and maintain safety credentials from an appropriate safety organization. As an example, in 2022, FSS workers were required to participate in an in-classroom and hands-on training for forklift training.²²

Because PG&E has already provided its response to the data request, it is reasonable to remove the recommendations regarding the data request from the Staff Report.

3.7. NorthStar Recommendations U-10 and U-14

The Commission adopts the proposed reporting requirements pertaining to NorthStar Recommendations U-10 and U-14 with modifications.

U-10: Increase the number of Supervisors in Electric Operations, Gas Operations and Power Generation field operations to comply

²² PG&E Comments, October 7, 2022, at 7.

with Corporate Procedure HR-2010-P01 thereby limiting the span of direct reports to a maximum of 1:20.

U-14: Move completed work review to the jobsite, allowing for immediate feedback before electronic records and paperwork are finalized, as discussed in PG&E's January 8, 2018, Testimony (p. App 2A-4/Adobe p. 129/521).

Regarding Recommendation U-10, PG&E asserts that this recommendation ignores the supervision/leadership provided by foremen from the International Brotherhood of Electrical Workers (IBEW), who must have no more than five workers in their crew and who must have "personal qualifications of leadership and supervisory ability."²³ While they do not have the title of supervisor, in practice their role is the same, therefore, PG&E asserts it complies with the recommendation. Second, for the data request for recommendation U-10 relating to SIFs, PG&E states that the information is not readily available and disagrees that the information sought is the driver of SIFs.²⁴

Regarding Recommendation U-14, PG&E states it meets the intent of U-14 by ensuring timely feedback and review of work performed: supervisors/crew leads do regularly review work at the job site, or at the end of the workday with feedback provided the next day.

The Commission finds PG&E's response partially adequate and revises the reporting requirement. PG&E has provided some context on how the intent of the recommendation has been met. However, it is unclear whether a foreman qualifies as a "supervisor" in PG&E's own HR 2010 P01 and why PG&E does not abide by its own 1:20 standard. PG&E is ordered to answer the final bullet in the

²³ *Id.* at 8.

²⁴ PG&E Comments, October 7, 2022, at 15.

data request in the Modified Staff Report, which asks for the results of a 2020 study that investigated if there is any correlation between safety incident rates and leader in the field time for PG&E.

3.8. NorthStar Recommendations VI-2, VI-3, III-2, and III-4

It is reasonable to remove the data requirements related to NorthStar Recommendations VI-2, VI-3, III-2, and III-4.

NorthStar Recommendations VI-2, VI-3, III-2, and III-4 direct PG&E to develop, reassess, and define safety initiatives:

VI-2: Develop business case support and a record of management approval for safety initiatives in accordance with PG&E's Project Approval Procedure.

VI-3: Develop a method for weighting the value of management-initiated safety programs comparable to the Risk Informed Budget Allocation (RIBA) but focused on management and training.

III-2: Reassess and stabilize the safety culture change initiatives. The rigor applied to the integrated planning process should be applied to safety culture. The overwhelming number of initiatives and constant shifting of priorities is detrimental to a stable, consistent safety culture.

III-4: Clearly define and articulate any new initiatives to improve safety culture. Perform cost-benefit analyses of these initiatives and identify performance measures. Corporate Safety recently produced an analysis of lost work days that might serve as a starting point for the thought process and analytics involved.

For ongoing monitoring by SPD, the staff proposed that PG&E provide the listing of new Environmental Health and Safety (EH&S) safety initiatives, anticipated budget, and associated business cases.

PG&E states that PG&E already implemented the L-Gate project management governance process, but just revised the names of stages to

“phases” instead of “L-Gates.” PG&E’s response focuses on the status of the original NorthStar recommendation and why the implementation is complete despite now-obsolete nomenclature. Given this information, the potentially unclear impact the data request would have on safety, and the overlapping related initiatives underway at the Commission, we find it is reasonable to remove this recommendation from monitoring in the Modified Staff Report.

3.9. NorthStar Recommendation VII-5

The Commission removes this data request recommendation from the report. The recommendation states:

VII-5: Revisit all Short-Term Incentive Plan (STIP) metrics and targets in light of the enterprise-wide safety plan recommended by NorthStar. Set multi-year targets to drive performance. Include a contractor safety metric in the STIP. Following the development of the enterprise safety plan, PG&E should develop STIP and Business Performance Review (BPR) metrics that measure plan implementation/ adoption and the effectiveness of the various initiatives identified in the plan. PG&E should continue to monitor and report lagging OSHA metrics (i.e., DART, Lost Work Day [LWD], MVIs, fatalities) as part of the BPR process.

For ongoing monitoring by SPD, the staff proposes that PG&E provide a comparison of STIP and Long-Term Incentive Plan (LTIP) metrics and targets, operating review performance metrics, and PG&E’s strategic plan to assure alignment.

In its comments, PG&E states that they revisited all STIP metrics following their enterprise-wide safety plan, overhauling the STIP process to follow NorthStar’s 2017 report recommendation by deleting six performance metrics, adding four more, and revising another. PG&E also revamped its STIP program in 2020. PG&E adds that while STIP is a short-term incentive plan, they have incorporated multi-year targets that could be used to determine future

compensation. Moreover, PG&E added the SIF Corrective Action Index matrix to the STIP per NorthStar's recommendation to include a contractor safety metric. Since 2020 the Board has affirmed that the Compensation Committee will consider contractor safety; for example, PG&E reduced officer incentive payout for 2020 due to five contractor fatalities. Finally, PG&E asserts that it does measure plan adherence for all individual initiatives within STIP, contrary to NorthStar's finding that this recommendation was incomplete.

Pursuant D.20-05-053, PG&E is required to report annual executive compensation awards through the Tier 1 Advice Letter filing process and to address how such awards comply with certain requirements of D.20-05-053. PG&E also submits information on executive compensation through Safety Performance Metrics (SPMs) and Safety and Operational Metrics (SOMs). Additionally, PG&E must obtain approval of its Executive Compensation Structure from Energy Safety to ensure that its compensation structure incentivizes safety, pursuant to Public Utilities Code § 8389(4). SPD will work with Energy Safety to monitor continued implementation of recommendations that relate to Energy Safety's reporting.

After reviewing PG&E's explanation and considering the overlapping oversight of PG&E's compensation through required reporting to the Commission and Energy Safety, we find that it reasonable to remove this recommendation from tracking in the Modified Staff Report.

3.10. NorthStar Recommendation VII-7

The Commission adopts the proposed data requirements with modifications.

NorthStar Recommendation VII-7 directs PG&E to improve internal sharing of best practices.

VII-7: Improve the internal sharing of best practices. Increase the level of involvement by different groups and employee levels. As an example, NorthStar performed a management audit of National Grid Gas' New York operations a few years ago for the New York Public Service Commission. The utility had a fairly robust process improvement program. NorthStar's report describing the process is available on the New York State Department of Public Service's website.

PG&E states that it has implemented many process improvements for sharing best practices within Lean Operating System since NorthStar's report was completed in 2021. According to PG&E, this has helped ensure the flow of information throughout the organization, in addition to other initiatives like Keys to Life, Daily Digest, Snapshot, and Spotlight, monthly Near Hit sharing, daily Safety Update messages, and twice-a-year Safety Week campaign.

While PG&E responded to part of the data request in its comments, PG&E is directed to answer the remaining questions in the Modified Staff Report.

The data request for ongoing monitoring by SPD is revised as follows:

- Describe how sharing of best practices has changed with the deployment of Lean throughout the organization (not just within Enterprise Health and Safety). Provide metrics PG&E is using to measure the efficacy of Lean in sharing information and best practices.
- With Lean, are best practices shared across different lines of business and throughout the organization overall, or just within the organizational workstream? If so, how?
- ~~Provide a summary of the number and content of lessons learned reports and evidence of appropriate internal distribution.~~

3.11. NorthStar Recommendations VIII-3 and U-17

Because PG&E adequately explained how these recommendations have been implemented, the Commission finds it reasonable to remove this data request from the Staff Report.

NorthStar Recommendation VIII-3 and U-17 are about evaluations to determine program effectiveness and setting targets:

VIII-3: Complete the second 360-Degree Survey assessment for the Safety Leadership Development program participants and compare to the first assessment results to determine the effectiveness of the training and identify any gaps to be addressed.

U-17: On an annual basis, revise Safety Leadership Development (SLD) training to address any areas of concern identified in the review of SafetyNet observation data.

The proposed request required PG&E to provide a status update on the redesign of the SLD training and supervisor coaching that PG&E plans to implement in 2023 and to include a description of any pilot programs implemented in Q4 2021 or early 2022 and their preliminary results, if available.

In its comments, PG&E stated that PG&E did not use a formal 360-Degree Survey to evaluate the effectiveness of its Safety Leadership Development Training, but PG&E did incorporate feedback from participants which they allege provides a similar benefit. PG&E also states that it is in the process of implementing its new Leadership Development Program which will start in 2023.

Because PG&E adequately explained how the recommendation has been implemented through their past and current efforts, we find that it reasonable to remove this data request from the Staff Report.

3.12. NorthStar Recommendations X-8 and X-9

The Commission adopts the proposed data requirements with an additional data requirement.

NorthStar Recommendations X-8 and X-9 cover evaluations standards:

X-8: Develop a single, consistent enterprise causal evaluation standard combining Utility Standard: SAFE-1004S (Serious Investigation Standard) and the Enterprise Causal Evaluation Standard (Utility Standard: GOV-6102S) [referred to as the Kern Standard]. Incorporate the following improvements:

- Determine whether Root Cause Evaluations (RCEs) should be required for: 1) an injury involving inpatient hospitalization for a period in excess of 24 hours for other than medical observation; and 2) a loss of any part of the body (including eye), or any serious degree of permanent disfigurement (includes tissue damage without loss of bone).
- Require documentation of the rationale for the selection of the Causal Evaluation (CE) type for all incidents, including near hits.
- Require assignment of responsibility for ensuring all corrective actions are thorough, appropriate, have been completed, and have been appropriately communicated.
- Require assignment of responsibility for ensuring that the effectiveness evaluation has been completed, is thorough, and any findings have been effectively addressed.
- Include a process flow/timeline that extends to the completion of the effectiveness evaluation, similar to that included in Utility Standard: SAFE-1004S Publication Date: 05/31/2015, Rev: [1].
- Provide a summary to all employees for the cause and corrective actions taken/to be taken once an incident investigation is complete (Apparent Cause Evaluation

[ACE]/RCE). All PG&E employees are notified via email within 24 hours of the incident providing a brief summary of the incident. There is no such requirement for closure. NorthStar's review of safety-related communications to all employees evidenced the initial notification and the lack of any commensurate notification upon completion of the investigation.

X-9: Compare all LOB CE Standards to ensure the processes are consistent and all required elements are defined. As an example, the Power Generation Procedure includes a discussion of the Work Group Evaluation (WGE) process. Electric T&D and Gas Operations procedures do not. Gas Operations procedures do not include an RCE process timeline and appear to group RCE and ACE. The RCE communications plan for all procedures should include the communications process for follow-up on the Effectiveness Review Plan. Establish guidelines for communication of the corrective actions and the effectiveness reviews, as these are currently tracked separately by LOB.

While PG&E agrees with NorthStar that improvement in this area is always possible, PG&E considers its implementation of Recommendation X-8 as appropriate to prevent the need for future monitoring on this item. PG&E notes that it implemented recommendation X-9 by updating its Enterprise Cause Evaluation Standard in March 2021. Also, PG&E adds, PG&E's Cause Evaluation Procedure and the SIF Standard detail the requirements to ensure the processes are consistent and define all the required elements.

To track the improvements made in this area, we will keep the data requests for ongoing monitoring by SPD as revised below:

- Provide redline versions of the 2021 guidance documents for the Enterprise Cause Evaluation Standard and the Cause Evaluation Procedure or provide a summary of changes from the prior versions. Describe how a summary of the causes of incidents and corrective actions is shared with employees.

3.13. NorthStar Recommendation XI-1

After reviewing PG&E's response, the Commission directs PG&E to provide additional information.

NorthStar Recommendation XI-1 requires the following:

XI-1: Corporate Contractor Safety should select the projects for review rather than the LOBs and conduct surprise field visits to assess contractor safety practices.

The proposed data request asks PG&E to provide the targeted and actual number for both announced and unannounced contractor field safety observations by LOB and explain how these targets are determined for each LOB.

PG&E points out that NorthStar acknowledges PG&E's successful implementation of this recommendation, but that it was paused as PG&E implemented a new contractor safety standard as part of its 2025 Safety Strategy initiative. Given that PG&E successfully implemented this recommendation and was waiting to resume execution until the refresh of the overall safety standards was complete, PG&E believes this issue needs no future oversight.

The Commission requires the following additional information for staff to review:

Explain how implementation of the recommendation has changed with PG&E's adoption of a new contractor safety standard as part of the 2025 Safety Strategy initiative.

3.14. NorthStar Recommendation XI-4

The Commission adopts the proposed data request with modifications.

NorthStar Recommendation XI-4 states the following:

XI-4: Facilitate the sharing of best practices and lessons learned regarding the LOBs' implementation of the Contractor Safety Standard, addressing both organizational and procedural issues, including:

- Roles of safety specialists, inspectors and work supervisors with respect to Contractor Safety (*See* discussion of Recommendation XI-5);
- Benefits of a separate contractor safety group;
- Contractor safety training for safety specialists and inspectors;
- Frequency of field observations (*See* discussion of Recommendation XI-5)²⁵; and
- Field observation data and trend analyses.

Following the determination of best practices:

- Each LOB should update its Contractor Safety procedures to reflect its current organization, clarify responsibilities and reflect best practices. (*See* discussion of Recommendation XI-5.)
- Corporate Contractor Safety and LOB personnel with contractor safety experience should develop or revise contractor safety training for safety specialists and inspectors.
- Corporate Contractor Safety, or a LOB contractor safety representative, should work with appropriate PG&E personnel to update the Guardian observation tool to provide a useful mechanism to observe trends and track contractor safety performance.

Because NorthStar identified that this recommendation was completed, PG&E believes that further monitoring of this recommendation is not needed. After considering PG&E's comments, we revise the data request for ongoing monitoring by SPD as below.

²⁵ NorthStar's recommendation XI-5 from its May 8, 2017 report instructed PG&E to "Update LOB contractor safety procedures to clarify responsibilities and reflect current organizations and processes. Include guidelines regarding the frequency of field observations." NorthStar marked this recommendation as implemented in its 2021 Final Update Report.

- Provide PG&E's new Contractor Safety Standard and a summary of changes from the previous Standard. Explain if/ how implementation of the recommendation has changed with the adoption of the new standard.
- ~~Provide the results of a trend analysis of contractor safety field observations.~~
- ~~Provide a Contractor Safety Program Field Observation Summary Report.~~
- ~~Provide the results of the Contractor Observation program.~~

3.15. NorthStar Recommendation U-3

After reviewing the comments, the Commission removes this data request from the staff proposal.

NorthStar Recommendation U-3 requires the following:

U-3: Develop processes to ensure the sustainability of the implementation of NorthStar's recommendations.

The proposed data request asks PG&E to continue the sustainability certification process and report results biannually to SPD.

In its comments, PG&E asserts that given the work performed to implement all the recommendations, no further oversight is needed on this recommendation. PG&E notes that NorthStar stated that this recommendation was implemented but that improvements were possible but did not describe which improvements were needed.

We find that it is reasonable to remove this data request, because the information provided in the other data requests for the remaining recommendations can be used without continuing the previous sustainability certification process, which as PG&E points out, is no longer relevant. The

information provided in the other data requests will help staff ascertain the sustainability of the implementation of the 13 designated recommendations.

3.16. NorthStar Recommendation U-4

After considering the comments, the Commission concludes that the proposed data request is reasonable and should be adopted.

NorthStar Recommendation U-4 requires the following:

U-4: In addition to the status of the implementation of NorthStar's recommendations, continue to report to the Commission on any significant changes that might affect the sustainability of the recommendations.

The data request for Ongoing Monitoring by SPD directs PG&E to report to the Commission on any significant changes that might have a significant impact on safety initiatives, reporting, or outcomes.

In its comments, PG&E noted that NorthStar indicated that improvements were possible but did not specify what those improvements would be other than stating that required reporting for the NorthStar recommendations will be updated, which PG&E is not opposed to. Thus, the recommendation does not warrant further oversight.

We find that it is reasonable to keep the data request as-is in the Modified Staff Report and review the information PG&E provides for the remaining recommendations.

3.17. NorthStar Recommendation VII-2

The Commission disagrees with Cal Advocate's suggestion to add NorthStar Recommendation VII-2, which NorthStar categorized as implemented, to the list of monitored recommendations. The Commission monitors PG&E's electric (wildfire) safety, electric reliability, and natural gas safety, including six

metrics related to monitoring Wires Down, through its Safety and Operational Metrics (SOMs) approved through D.21-11-009.²⁶

4. Next Steps

As originally proposed in the Staff Report and as reflected in the attached Modified Staff Report, SPD will continue tracking each recommendation adopted by the Commission as follows:

- 1) PG&E shall file an Advice Letter to SPD that includes responses to the data requests corresponding to each recommendation included in the Modified Staff Report.
- 2) In its review and disposition to the Advice Letter, SPD will determine if any recommendations can be closed out and marked as complete based on PG&E's responses to the data requests. For recommendations that still are not marked complete, the SPD Director can ask PG&E follow-up questions or data requests to respond to in subsequent Advice Letters to SPD.
- 3) Thereafter, for NorthStar recommendations that SPD determines should still be monitored, PG&E shall continue to respond to the questions through a semi-annual Advice Letter to SPD by the end of March and the end of September unless otherwise directed by the Commission.

5. Closing Investigation 15-08-019

As chronicled in Section 2 of this decision, this proceeding was initiated to determine whether the organizational culture and governance of PG&E and PG&E Corp. prioritize safety and to direct PG&E to take any remedial actions. The Commission adopted two key decisions in this proceeding.

In D.18-11-050, the Commission ordered PG&E to implement the recommendations of the Commission's Safety and Enforcement Division, listed in the NorthStar Report. As stated in D.18-11-050 "The first part of this

²⁶ D.21-11-009 Appendix B.

proceeding was beginning the process to review and evaluate PG&E's safety culture, and to identify problems with PG&E's safety culture. The next part of the proceeding is a remedial phase – identifying and taking the steps to fix those problems.”²⁷ The same decision also acknowledged that “PG&E needs some time to implement the recommendations of the NorthStar Report, and doing so will be a series of steps in the right direction, but at the same time the Commission should also look at what things it can do differently, including the use of other regulatory mechanisms than used to date.

These two things – PG&E's implementation of NorthStar's recommendations and Commission consideration of new regulatory approaches - are not mutually exclusive, and the Commission does not need to wait for PG&E to complete its plans before beginning this work.²⁸ PG&E agreed with the NorthStar Report recommendations, supported the Commission's adoption of the NorthStar Report recommendations, committed to completely implement those recommendations, and testified that PG&E expected to have 95% of the recommendations implemented by the end of 2018.²⁹

The subsequent decision, D.19-06-008, directed PG&E and PG&E Corp. to provide information about the safety experience and qualifications of independent directors on the board(s) of PG&E and PG&E Corp.

Safety issues remain a high priority for the Commission. Since the issuance of D.19-06-008, the safety practices of PG&E are being tracked and monitored in several different regulatory proceedings and by multiple agencies, auditors, and

²⁷ D.18-11-050 at 6-7.

²⁸ *Ibid.*

²⁹ D.18-11-050 at 3.; PG&E Opening Brief at 9.

monitors. Some of these are summarized in the Staff Report, the attached Modified Staff Report and listed in party comments.³⁰

In January 2022 an Independent Safety Monitor was appointed by the Commission to work with Commission staff to determine whether PG&E is implementing the “highest priority and risk-drive safety mitigations,” as well as “safety-related recordkeeping and record management systems.”³¹ Additionally, PG&E is subject to the Commission’s Enhanced Oversight and Enforcement (EOE) Process which can trigger the creation of an Corrective Action Plan that is monitored by Commission staff.³² The EOE process may be triggered if PG&E shows insufficient progress by failing to meet targets contained within 32 approved Safety and Operational Metrics.³³ In D.20-05-053, the Commission also ordered PG&E to implement regional restructuring in effort to improve its safety performance and responsiveness to local communities. The Commission approved PG&E’s updated Regionalization Proposal through D.22-06-028. Additionally, PG&E is required to file Risk Spending Accountability Reports that provide variance explanations for their safety, reliability, and maintenance work.³⁴

The safety practices are also extensively monitored by the Office of Energy Infrastructure Safety (Energy Safety). Among other responsibilities, pursuant to Public Util. Code Sections 8386.2 and 8389(d)(4), Energy Safety is required by

³⁰ Staff Report at 7-8; PG&E Comments, October 7, 2022, at 1-2.

³¹ Resolution M-4855 at 17.

³² D.20-05-053 Appendix A.

³³ D.21-11-009 Appendix B.

³⁴ D.19-04-020 at 39.

statute to perform annually “a safety culture assessment of each electrical corporation to be conducted by an independent third-party evaluator.”

Most recently, on October 7, 2021, the Commission initiated Rulemaking 21-10-001, Order Instituting Rulemaking (OIR) to Develop Safety Culture Assessments for Electric and Natural Gas Utilities, to develop and adopt a safety culture assessment framework for the regulated investor-owned electric and natural gas corporations and for the gas storage operators subject to the Commission’s jurisdiction. In addition, the OIR was instituted to identify the structure, elements, and process necessary to drive reach utility to establish and continuously improve their organization-wide safety culture.

Given the regulatory processes that have been placed by multiple agencies and the data reporting requirements the Commission adopts herein, the Commission concludes that there is no further need to keep this proceeding open. PG&E has implemented the majority of NorthStar’s recommendations, and there is a plan in place to continue monitoring PG&E’s progress in the remaining areas.

Closing the instant proceeding will not preclude any party from commenting on safety issues in the Commission’s remaining open proceedings or in response to relevant Commission actions identified in the staff proposal. The Advice Letter process required by this decision also provides a forum to raise concerns on PG&E’s implementation of the outstanding actions required by this decision. We therefore close Investigation 15-08-019.

6. Summary of Public Comments

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b)

requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

Nine members of the public submitted comments. There were comments on the NorthStar recommendations or the Staff Report.

7. Comments on Proposed Decision

The proposed decision of ALJ Nilgun Atamturk in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

8. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Nilgun Atamturk is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. NorthStar released its Assessment of Pacific Gas and Electric Corporation and Pacific Gas and Electric Company's Safety Culture Final Update on December 27, 2021.

2. The Staff Report developed by the Commission's SPD provides a plan for tracking designated recommendations from NorthStar's 2017 Assessment of PG&E's Safety Culture and 2019 First Update Report.

3. SPD will monitor recommendations that meet one or more of the following criteria: 1) Could have a tangible impact on safety outcomes, as advised by NorthStar or as determined by SPD review; 2) Were marked as incomplete or not implemented within NorthStar's 2021 Final Update Report; and 3) Are not being monitored or tracked through other Commission oversight efforts.

4. SPD's proposed monitoring plan considers how recommendations relate to recent reviews of PG&E's safety programs or safety culture completed by the Federal Monitor, Office of Energy Infrastructure Safety, or others, to prevent duplicative efforts.

5. The proposed data requests will facilitate monitoring PG&E's progress in improving safety practices.

6. PG&E provided partial responses and noted relevant organizational changes in response to the proposed data requests for monitoring NorthStar Recommendations F-4; III-3; U-10; U-14; VII-7; and XI-4.

7. PG&E satisfactorily explained how the recommendation has been implemented and/or adequately responded to the proposed data requests pertaining to NorthStar Recommendations IV-6; V-5; IV-7; F-5; V-1; VI-2; VI-3; III-2; III-4; VII-5; VIII-3; U-17; U-3.

8. The Commission monitors PG&E's electric (wildfire) safety, electric reliability, and natural gas safety, including six metrics related to monitoring Wires Down, through its Safety and Operational Metrics (SOMs) approved in D.21-11-009.

9. Since the issuance of D.19-06-008, the safety practices of PG&E are being tracked and monitored in several different regulatory proceedings and by multiple agencies, auditors, and monitors.

10. PG&E has implemented the majority of NorthStar's recommendations and there is a plan in place to continue monitoring PG&E's progress in the remaining areas.

Conclusions of Law

1. The attached SPD's Modified Staff Report (Attachment A), reflecting the modifications discussed in this decision and identifying a plan for tracking designated recommendations from NorthStar reports, should be adopted.

2. Because the Commission monitors PG&E's electric (wildfire) safety, electric reliability, and natural gas safety, including six metrics related to monitoring Wires Down, through its Safety and Operational Metrics (SOMs) approved in D.21-11-009, NorthStar Recommendation VII-2 does not warrant monitoring.

3. Due to the partial responses provided and organizational changes noted by PG&E, the proposed data requests for monitoring NorthStar Recommendations F-4; III-3; U-10; U-14; VII-7; and XI-4 should be modified.

4. PG&E should file an Advice Letter to SPD that includes the necessary information for each recommendation included in the attached Modified Staff Report, reflecting the modifications discussed in this decision.

5. SPD Director should be authorized to determine if any recommendation can be closed out and marked complete based on responses to the data request. For recommendations that still are not marked complete, the Director may ask PG&E follow-up questions or data requests to respond to in subsequent Advice Letters to SPD.

6. There is no need to keep this proceeding open.

7. Investigation 15-08-019 should be closed.

O R D E R**IT IS ORDERED** that:

1. The Safety Policy Division's Modified Staff Report, dated April 2023, attached to this decision as Attachment A, is adopted.

2. Pacific Gas and Electric Company is directed to comply with the data requests identified in the attached Safety Policy Division's Modified Staff Report, dated April 2023, attached to decision as Attachment A.

3. No later than 60 days after the issuance of this decision, Pacific Gas and Electric Company must file an Advice Letter to the Safety Policy Division that includes responses to the data requests corresponding to the recommendations included in the Safety Policy Division Modified Staff Report, dated April 2023, attached to decision as Attachment A.

4. After the disposition of the first Advice Letter to the Safety Policy Division, Pacific Gas and Electric must continue to respond to the questions corresponding to each recommendation that is not marked complete by the Director of Safety Policy Division or any follow-up data requests or questions through a semi-annual Advice Letter to the Safety Policy Division. Semi-annual Advice Letters must be filed by the last business day of March and September unless otherwise directed by the Commission.

5. Investigation 15-08-019 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT A
Modified Safety Policy Division Staff Report